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Greece

Canned Deciduous Fruit

Semi-Annual

2004

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Report Highlights:

Greek freestone and cling peach production in 2004 is estimated at 780,00 tons, a bounce back from the 2003 crop which was only about one seventh of the 2004 crop. The 2004 processed peach product estimate is for 315,000 tons and exports of these are estimated at 280,000 tons. Apricot production for 2004 is not revised from the previous report, GR 4006.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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Executive Summary

Weather conditions for 2004 were relatively favorable for the Greek peach crop. In the beginning of April 2004, peach trees promised a rich crop. At this point the 2004 total peach production (both clingstone and freestone) is reported at a high yield, estimated at 780,000 tons (figure is revised downwards from that reported in GR 4006 in April 2004). About 50,000 tons were not harvested due to hail damage occurring in a few pockets of central Macedonia. The damaged, unmarketable amounts are not included in the attached PS&D for canned peaches, as they are an un-utilized amount of fruit. These figures are subject to further revision later in the season.

	2003	2004
Metric Tons		
Peaches		
Clingstone	64,000	450,000
Freestone	44,000	280,000
Not Harvested (left on Trees)	-	50,000
Total peaches	108,000	780,000

The utilization of the 2004 and 2003 peach crops, based on official data and the latest estimates, is as follows. The 2004 figures and breakdowns per category of product are preliminary and subject to further revision, due to lack of accurate estimates by both farmer and processing organizations. Processed amounts cited, are to be considered more accurate.

	2003 (MTs)	2004 (MTs)
Processed for canned peaches	50,000	260,000
Processed for other products	20,000	150,000
Fresh Domestic Production	32,262	280,000
Fresh Exports	11,738	90,000
Total Marketed peaches	114,000	690,000
Withdrawals (clingstone)	-	40,000
Farm Use, Waste (left on tree)	-	50,000
Total	114,000	780,000

The amount of clingstone peaches to be delivered to processors for canned peaches is currently estimated at 260,000 tons. An additional 150,000 tons will be channeled to processing for other products (puree, diced and frozen) as well as to the juice sector (approximately 80,000 tons). Withdrawals took place according to the EU Regulation in effect, which cannot exceed 10% of the total marketable amount.

In MY 2003/04 clingstone peach farmers received the record price of €0.60/kg, which was extremely high due to the shortage of clingstone peaches. This year was a very different case and the final price for farmers has been decided at € 0.22 /kg after long negotiations between their organizations and the processors. Initially, farmers asked for € 0.26 /Kg, while processors were offering only € 0.18. The final figure agreed was € 0.22/kg farm gate price. This year, farmer organizations and producers stated price negotiations in May 2004 and continued for almost two months. Farmers have asked the Minister of Agriculture to intervene and influence processors to take their initial proposed price, but a final compromise was achieved for € 0.22/kg. For the MY 2004/05 a support price, which is paid directly to growers, is still set at €0.0477/kg.

The 2004 processed product output is estimated at 315,000 T (over 14,000,000 Boxes equivalent to 24X1kg). According to processors, the cost of production is very high and

Greek peaches are currently priced at € 11 per box 24X1kg (ex-factory basis). In 2003/04 MY, there was a remarkable rise in export prices due to the failure of the peach crop in 2003. According to the industry, the absence of Greek canned products from international markets in MY 2003/04 has created instability in the market and has allowed other competitors like Spain to sell canned products at higher prices. For the MY 2004/2005, Greek exports are expected to recover although competition from other countries is particularly stiff, mainly from similar Chinese products. A preliminary estimate for Greek exports in MY 2004/2005 is for 280,000 T of processed product. By the end of 2004/05 MY, processors are expecting to increase stocks significantly, compared to the previous year, in order to become competitive in the future.

Reportedly, exports to the US are expected to be reduced further during the upcoming marketing season, due to the dollar value against the euro. In CY 2002, Greek processors have sold only about 16,000 T of canned peaches to the US, followed by a drop to 6,000 T in CY 2003 and this year it may drop further.

Concerning the recent US Proposal for potential withdrawal of Tariff Concessions and Increase in Applied Duties in response to EU Enlargement and EU Changes to its Rice Import Regime, the Greek Deciduous Fruit Processing Industry has strongly reacted, after peaches were added to the list of goods for which tariff concessions might be withdrawn and duties might be increased from 17 to 55 percent for their processed products destined to the US. The Greek processing Association representatives in Northern Greece have characterized the proposal as "totally unacceptable" and they are planning to submit their complaints to GOG Ministries of Agriculture and Commerce.

For the 2003 severely damaged peach crop, farmers, according to measures taken by the Government of Greece to compensate them (discussed in detail in GR3021 and GR4006) have received the amount of €0.278/kg plus the EU support price of €0.048/kg and the price paid by the processors, which was set at €0.6/kg. All compensation payments have been made by March 2004. For those farmers who lost part or their entire 2004 crop, after last summer's hailstorms, the ELGA Organization (Hellenic Agricultural Insurance Fund) will proceed with compensation payments, after accurate fruit damage estimates are completed per area and grower. No actual compensation payments have yet been announced by ELGA.

Farmers and processors agree that last year (2003) was profitable for the farmers despite the short peach crop mostly due to the package of compensation measures taken by the Greek Government. In addition, farmers were relieved from their old debts to the Agricultural Bank of Greece, after a recent GOG Ministry of Agriculture political decision, that old debts of individual farmers and/or farmer groups and cooperatives to the Agricultural Bank of Greece, can be rescheduled up to the end of October 2004 with as many as 60 monthly installment payments. This political decision affects all farmers in Greece. It was made by the new GOG (elected March 2004) and it applies to all loans taken for various reasons (purchase of agricultural machinery & equipment, chemical supplies, irrigation systems, farm buildings, etc). Under this decision, the total loan pay offs must be less than double the initial capital borrowed by farmers. Farmers of less favored areas around the country were favored the most, but also tree fruit growers in Central Macedonia were helped by this measure.

On the other hand, the Greek Government has not favored the processing industry which was the only sector adversely affected by bad weather conditions last year. Not surprisingly, the GOG's recent measures for support to the primary sector, such as the rescheduling of bank loan payments, were criticized severely by processors who believe that similar measures should be taken for their sector.

The production of canned mixtures reached the level of 1,200,000 boxes (24x1) in 2003/04. In MY 2004/05, canned mixtures production is preliminarily estimated to reach satisfactory

levels at approximately 1,870,000 cases (24x1) and possibly more. This figure is subject to further revision later in the year. Processors are hoping to increase the amount of canned mixtures exports this year.

For the 2004 apricot crop no changes are reported until this present time and processing amounts and output remain at levels reported in GR 4006.

PS&D Table, Canned Peaches

PSD Table

Country	Greece						UOM
	Peaches, Canned						
Commodity	2002		2003	Estimate	2004	Forecast	(MT)(MT, Net Weight)
	USDA Official	Revised Estimate	DA Official	Estimate	DA Official	Estimate [New]	
Market Year Begin	06/2002		06/2003		06/2004		MM/YYYY
Deliv. To Processors	238000	238000	50000	50000	320000	260000	(MT)
Beginning Stocks	57000	57000	41000	41000	23700	23700	(MT, Net Weight)
Production	290000	290000	61700	61700	384000	315000	(MT, Net Weight)
Imports	1000	1000	3000	3000	800	800	(MT, Net Weight)
TOTAL SUPPLY	348000	348000	105700	105700	408500	339500	(MT, Net Weight)
Exports	295000	295000	75000	75000	360000	280000	(MT, Net Weight)
Domestic Consumption	12000	12000	7000	7000	15000	15000	(MT, Net Weight)
Ending Stocks	41000	41000	23700	23700	33500	44500	(MT, Net Weight)
TOTAL DISTRIBUTION	348000	348000	105700	105700	408500	339500	(MT, Net Weight)

PS&D Table, Canned Mixtures

PSD Table

Country Commodity	Greece Canned Mixtures						UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [Estimate [DA Official [Estimate [MM/YYYY				
	06/2002	06/2002	06/2003	06/2003	06/2004	06/2004	
Deliv. To Processors	0	0	0	0	0	0	(MT)
Beginning Stocks	4343	4343	4243	4243	1943	1943	(MT, Net Weight)
Production	30000	30000	24000	24000	50000	43000	(MT, Net Weight)
Imports	900	900	500	500	100	100	(MT, Net Weight)
TOTAL SUPPLY	35243	35243	28743	28743	52043	45043	(MT, Net Weight)
Exports	28000	28000	25000	25000	45000	38000	(MT, Net Weight)
Domestic Consumption	3000	3000	1800	1800	5000	5000	(MT, Net Weight)
Ending Stocks	4243	4243	1943	1943	2043	2043	(MT, Net Weight)
TOTAL DISTRIBUTION	35243	35243	28743	28743	52043	45043	(MT, Net Weight)

PS&D Table, Canned Apricots

PSD Table

Country Commodity	Greece Canned Apricots						UOM
	2002	Revised	2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [Estimate [DA Official [Estimate [MM/YYYY				
	06/2002	06/2002	06/2003	06/2003	06/2004	06/2004	
Deliv. To Processors	14000	14000	18000	18000	17000	17000	(MT)
Beginning Stocks	247	247	1147	1147	2867	2867	(MT, Net Weight)
Production	17000	17000	21900	21900	20600	20600	(MT, Net Weight)
Imports	400	400	320	320	330	330	(MT, Net Weight)
TOTAL SUPPLY	17647	17647	23367	23367	23797	23797	(MT, Net Weight)
Exports	15000	15000	18000	18000	17000	17000	(MT, Net Weight)
Domestic Consumption	1500	1500	2500	2500	2800	2800	(MT, Net Weight)
Ending Stocks	1147	1147	2867	2867	3997	3997	(MT, Net Weight)
TOTAL DISTRIBUTION	17647	17647	23367	23367	23797	23797	(MT, Net Weight)